

A *udit*

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PROMPTNESS AND COMPLETENESS OF
FYs 2000 AND 2001 DOD PAYMENTS TO THE
U.S. TREASURY FOR WATER AND SEWER SERVICES
PROVIDED BY THE DISTRICT OF COLUMBIA

Report No. D-2001-100

April 13, 2001

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Abstract This report is the second in a series of quarterly reports and discusses the promptness and completeness of DoD payments for water and sewer services provided by the District of Columbia from FY 2000 through the third quarter of FY 2001. The audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 requires the inspectors general of each Federal agency to report to the House and Senate Appropriations Committees on the promptness of each agency's payments of bills for water and sewer services received from the District of Columbia. The inspector general reports are to be submitted to the Committees within 15 days of the end of each quarter. The District of Columbia Water and Sewer Authority provides both water supply and wastewater treatment services to Federal agencies and DoD Components within the National Capital Region. The U.S. Treasury is the collection agent for Federal agencies and DoD Components water and sewer payments, with the U.S. Treasury submitting a single payment to the Water and Sewer Authority. The DoD Components, composed of 17 separate installations, sites, and organizations, are required to make quarterly payments to the U.S. Treasury for the services provided.		
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Acronyms

AFB	Air Force Base
DFAS	Defense Finance and Accounting Service
WASA	Water and Sewer Authority
WHS	Washington Headquarters Services



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April 13, 2001

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE
DIRECTOR, WASHINGTON HEADQUARTERS
SERVICES
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
NAVAL INSPECTOR GENERAL

SUBJECT: Audit Report on Promptness and Completeness of FYs 2000 and 2001
DoD Payments to the U.S. Treasury for Water and Sewer Services
Provided by the District of Columbia (Report No. D-2001-100)

We are providing this report for your information and use. We conducted the audit in response to Public Law 106-554. We considered management comments from the Director of Budget and Finance, Washington Headquarters Services, when preparing the final report. The complete text of the comments is in the Management Comments section of the report.

The Washington Headquarters Services comments were acceptable. Additional comments are not required.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Charles J. Richardson at (703) 604-9582 (DSN 664-9582) (crichardson@dodig.osd.mil) or Mr. Ronald W. Hodges at (703) 604-9592 (DSN 664-9592) (rhodges@dodig.osd.mil). See Appendix E for the report distribution. The audit team members are listed inside the back cover.

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Report No. D-2001-100

April 13, 2001

(Project No. D2001FA-0070.001)

Promptness and Completeness of FYs 2000 and 2001 DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia

Executive Summary

Introduction. This report is the second in a series of quarterly reports and discusses the promptness and completeness of DoD payments for water and sewer services provided by the District of Columbia from FY 2000 through the third quarter of FY 2001. The audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 requires the inspectors general of each Federal agency to report to the House and Senate Appropriations Committees on the promptness of each agency's payments of bills for water and sewer services received from the District of Columbia. The inspector general reports are to be submitted to the Committees within 15 days of the end of each quarter.

The District of Columbia Water and Sewer Authority provides both water supply and wastewater treatment services to Federal agencies and DoD Components within the National Capital Region. The U.S. Treasury is the collection agent for Federal agencies and DoD Components' water and sewer payments, with the U.S. Treasury submitting a single payment to the Water and Sewer Authority. The DoD Components, composed of 17 separate installations, sites, and organizations, are required to make quarterly payments to the U.S. Treasury for the services provided.

Objective. The audit objective was to determine the promptness of quarterly DoD payments to the U.S. Treasury for water and sewer services provided by the District of Columbia. This report focuses on the promptness and completeness of DoD payments for FY 2000 through the third quarter of FY 2001.

Results. DoD Components improved the promptness and completeness of their payments between FY 2000 and the third quarter of FY 2001. Based on the due dates stated in the U.S. Treasury bills, the DoD Components' water and sewer payments were on average 92 days late in FY 2000. However, in FY 2001, the payments were only an average of 10 days late. For the payments that were late and not complete, the reasons are as follows.

- DoD Components did not make payments for water and sewer services until bills were received and services verified.

- DoD Components did not agree with the U.S. Treasury's estimated water and sewer bills or that complete payment should be made on those estimated amounts.
- The U.S. Treasury did not provide the FYs 2000 and 2001 billing letters until after the required payment date.
- DoD has not established an effective process for paying water and sewer bills promptly and completely.

The DoD Components paid \$12.7 million, or 42 percent, of the \$30.3 million billed in FY 2000 and \$4.1 million, or 66 percent, of the \$6.2 million billed through the third quarter of FY 2001 by the U.S. Treasury for water and sewer services provided by the District of Columbia. In addition, DoD Components were not consistent in their payment methods. See the Finding section for details.

Management Comments. The Director of Budget and Finance, Washington Headquarters Services, provided comments to clarify parts of the report. The Director stated that the U.S. Treasury provides three copies of the same water bills to the Pentagon, Arlington National Cemetery, and Fort Myer. The U.S. Treasury relies solely on the individual water users to calculate their bill, which has resulted in incomplete aggregate payments to the U.S. Treasury. The Director also stated that Public Law 106-554 allows the Secretary of the Treasury to draw down funds and provide those funds to the District of Columbia Water and Sewer Authority. However, the law does not address how this provision is to be applied in cases where the respective agencies do not receive separate estimates for their individual water and sewage usage as is the case with the Pentagon, Arlington National Cemetery, and Fort Myer. The Director stated that the law did not address collections of past due amounts and how disputes regarding actual past usage are to be resolved and paid. Washington Headquarters Services has requested the assistance of the District of Columbia Water and Sewer Authority and the U.S. Treasury in providing an agreeable solution to billing and collecting from all water users that are provided water through the Virginia meters. See the Finding section for a discussion of the management comments and the Management Comments section for a complete text of the management comments.

Audit Response. Based on the comments provided by the Director, we revised the final report accordingly.

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Background

This audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 requires the inspectors general of each Federal agency that receives water and sewer services from the District of Columbia to report to the Congressional Appropriations Committees on the promptness of payments within 15 days of the end of each quarter. This report is the second in a series of quarterly reports and discusses the promptness and completeness of DoD payments from FY 2000 through the third quarter of FY 2001.

The District of Columbia Water and Sewer Authority. The District of Columbia provides both water supply and wastewater treatment services to Federal agencies and DoD Components within the National Capital Region. Under the District of Columbia Public Works Act of 1954, the Federal Government was to receive water and sewer services from the District of Columbia, and the District of Columbia was paid with an annual lump sum in accordance with the District of Columbia Appropriations Act. The District of Columbia Appropriations Act of 1990 (Public Law 101-168) changed the payment process by designating the U.S. Treasury as the collection agent for the Federal agencies' water and sewer payments, with the U.S. Treasury remitting a single payment to the District of Columbia. In October 1996, the District of Columbia City Council transferred water and sewer responsibilities from the Department of Public Works to the Water and Sewer Authority (WASA). WASA provides meter readings and annual estimated billings to the U.S. Treasury for water and sewer services provided to the Federal agencies, including DoD Components. See Appendix B for a list of DoD components, composed of 17 separate installations, sites and organizations, that received WASA services.

U.S. Treasury. The U.S. Treasury has the responsibility for paying WASA for water and sewer services provided to Federal agencies, including DoD Components. Based on meter readings and estimated bills WASA provides to the U.S. Treasury, the U.S. Treasury makes quarterly payments to WASA and bills Federal agencies and DoD Components annually for their estimated water and sewer usage. The DoD Components are required to make quarterly payments to the U.S. Treasury for those annual estimated bills. DoD Components make their payments to the U.S. Treasury through the Defense Finance and Accounting Service.

Defense Finance and Accounting Service. The Defense Finance and Accounting Service (DFAS) centers provide accounting services, to include making bill payments, to DoD Components and other Federal agencies. Specifically, DFAS Indianapolis provides financial services to the Army, DFAS Cleveland provides those same services to the Navy, and DFAS Omaha provides financial services to the Air Force. The DoD Components submit requests for payments of water and sewer services to those DFAS centers. The DFAS centers pay the U.S. Treasury either by check or electronically in the amount indicated on the request.

Objective

The objective was to determine the promptness of quarterly DoD payments to the U.S. Treasury for water and sewer services provided by the Government of the District of Columbia. This report focuses on the promptness and completeness of quarterly DoD payments for FY 2000 through the third quarter of FY 2001. Appendix A discusses the audit scope and methodology and prior audit coverage.

Promptness and Completeness of DoD Payments to the U.S. Treasury

DoD Components improved the promptness and completeness of their payments between FY 2000 and the third quarter of FY 2001. DoD Components' water and sewer payments averaged 92 days late in FY 2000 and averaged only 10 days late in FY 2001 after receipt of the U.S. Treasury bills. However, all water and sewer bills were not paid promptly and completely because:

- DoD Components did not make payments for water and sewer services until bills were received and services verified;
- DoD Components did not agree with the U.S. Treasury's estimated water and sewer bills or that complete payment should be made on those estimated amounts;
- U.S. Treasury did not provide the FY 2000 billing letters until January 28, 2000, or 119 days after the required payment date for the first quarter of FY 2000. For FY 2001, the U.S. Treasury also did not provide the billing letters until January 9, 2001, or 100 days after the required payment date for the first quarter; and
- DoD Components have not established an effective process for ensuring prompt and complete payments for water and sewer services.

The DoD Components paid \$12.7 million, or 42 percent, of the \$30.3 million billed in FY 2000 and \$4.1 million, or 66 percent, of the \$6.2 million billed through the third quarter of FY 2001 by the U.S. Treasury for water and sewer services provided by the District of Columbia. In addition, DoD Components were not consistent in their payment methods.

Water and Sewer Payment Legislation

1990 Legislation. Public Law 101-168, the District of Columbia Appropriations Act of 1990, changed the payment method for Federal agencies' water and sewer consumption within the District of Columbia. Public Law 101-168 shifted responsibility for payment of water and sewer bills to the respective Federal agencies. Under Public Law 101-168, WASA is required to submit an annual budget to the Office of Management and Budget on April 15 of each year that includes an estimate of the cost of services for the Federal agencies. WASA also submits the estimated costs in a bill to the U.S. Treasury for the Federal agencies within the National Capital Region. The U.S. Treasury serves as a collection agent, receiving payments from individual agencies for their share of the estimated water and sewer usage, and remitting a single payment to the District of Columbia. Funds for water and sewer services come through the agencies' own operating budgets and their respective appropriations bills. The Federal agencies are required to make quarterly payments to the U.S. Treasury account entitled "Federal Payment for Water and Sewer Services" on the first day of each

quarter. The U.S. Treasury is to pay WASA from this account on the second day of each quarter. If there are insufficient funds in the account, the Secretary of the Treasury is to make payments from available funds, subject to reimbursement by the user agencies.

2001 Legislation. Public Law 106-554 amended the process used by the Federal agencies to make payments to the U.S. Treasury. The U.S. Treasury is now authorized and directed to draw down funds from Federal agencies and provide those funds to WASA by the second day of each quarter when agencies do not forward timely payments of amounts billed by WASA. Public Law 106-554 also directs that the draw down apply to current billed amounts and retroactively to past due amounts dating back to FY 1990.

Billing Process for Water and Sewer Services

The billing process defined in Public Law 101-168 requires WASA to submit estimated bills for water and sewer usage to the U.S. Treasury for all Federal agencies that are based on actual usage in prior years. WASA provides the estimates to the U.S. Treasury about 18 months before the beginning of each fiscal year. The U.S. Treasury provides those estimates to the DoD Components in detailed bills about 4 months after the beginning of the fiscal year. The detailed bills are based on estimates and include adjustments for actual water usage that occurred 3 years prior to the current billing cycle. DoD Components receiving water and sewer services are listed in Appendix B. DoD Components were billed \$30.3 million for water and sewer services in FY 2000, but they were only billed \$6.2 million through the third quarter of FY 2001. The U.S. Treasury did not provide an explanation for the significant decrease in the billed amounts. See Appendix C for a detailed explanation of the billing process. See Appendix D for examples of U.S. Treasury billing letters provided to Bolling Air Force Base in the second quarter of FYs 2000 and 2001. The FY 2000 bill contains the details for FY 1997 and a general estimate for FY 2001. Similarly, the FY 2001 bill contains the FY 1998 details and a general estimate for FY 2002. There was no explanation as to why the estimated amount for FY 2000 is \$10.5 million and the estimated amount for FY 2001 was only \$1.4 million when the Air Force only paid \$0.7 million toward the \$10.5 million.

Promptness of Payments

DoD Components significantly improved the promptness of payments to the U.S. Treasury for water and sewer services provided by the District of Columbia for FY 2000 through the third quarter of FY 2001. Public Law 101-168 requires DoD Components to make quarterly payments to the U.S. Treasury by the first day of each quarter. Although the U.S. Treasury provided the DoD Components with a general estimate for each year about 8 months in advance, the detailed bills did not arrive until about 4 months after the beginning of the fiscal year. For example, in FY 2000, the U.S. Treasury did not provide the FY 2000 billing letters until January 28, 2000, or 119 days after the required payment date for the first quarter of FY 2000. Similarly, the U.S. Treasury did not provide the FY 2001 billing letters until January 9, 2001, or 100 days after the required payment date for the first quarter of FY 2001. The billing letters indicate that the U.S. Treasury is not expecting the first

quarter and the second quarter payments until the bills are received. However, based on Public Law 101-168 and the one line estimate included on the previous year's bill, DoD Components' payments are late if they are not received on the first day of the quarter. Therefore, those DoD Components that waited for the U.S. Treasury FY 2001 bill before making a payment to the U.S. Treasury were technically already 100 days late on their first quarter payment. Although technically DoD Components were late, the U.S. Treasury bills stipulated that the first and second quarter payments were due in the month the bills were received. In FY 2001, the January 9, 2001, bill showed that the payment for the first and second quarters was due to the U.S. Treasury on January 31, 2001. Table 1 shows the average days that DoD Components took to make payments based on the U.S. Treasury bill due dates and that the average days dropped significantly from FY 2000 to FY 2001.

Table 1. Average Days to Make Payments After U.S. Treasury Bill Due Dates		
	<u>FY 2000¹</u>	<u>FY 2001²</u>
Walter Reed Army Medical Center	277	0
Fort McNair	69	47
Navy	128	4
Bolling Air Force Base	61	8
Pentagon	73	0
Fort Myer ³	-	-
Arlington National Cemetery	0	0
National Imagery and Mapping	38	9
Average Days Late	92	10
¹ The U.S. Treasury bills were dated January 28, 2000, and stipulated that the first payments were due on January 4, 2000 (January 3, 2000 for the Navy). Therefore, DoD Components were already 24 days late when they received the FY 2000 bills. ² Through third quarter of FY 2001. ³ Fort Myer discontinued water and sewer service in January 1999 and contends that they have credits for prior years, so Fort Myer did not make any payments to the U.S. Treasury in FY 2000 or FY 2001.		

Although DoD Components improved the promptness of their payments between FY 2000 and FY 2001, the Components generally deferred payments for water and sewer bills until bills were received and services were verified.

Walter Reed Army Medical Center. Walter Reed Army Medical Center only made one payment for FY 2000 for water and sewer services and it was 345 days late

because of the lack of personnel to process the payment. Based on the U.S. Treasury bill due dates, Walter Reed Army Medical Center was 345 days late for the first and second quarter payment, 255 days late for the third quarter payment, and 164 days late for the fourth quarter payment. Therefore, the Walter Reed Army Medical Center FY 2000 payment was an average of 277 days late. During FY 2000, there was no one in the position to submit timely requests to DFAS for payments to the U.S. Treasury. In FY 2001, Walter Reed Army Medical Center's payment for the first and second quarters was 20 days late and the third quarter payment was 41 days early, according to the due date provided on the U.S. Treasury billing letter. Therefore, payments through the third quarter of FY 2001 were an average of zero days late.

Fort McNair. Fort McNair includes the National Defense University Center and the National War College. In FY 2000, Fort McNair made one payment to the U.S. Treasury because budget requirements allow Fort McNair to make only one payment. The payments for the first, second, and third quarters were late because Fort McNair did not make the FY 2000 payment until May 20, 2000. Based on the U.S. Treasury bill due dates, the FY 2000 first and second quarter payments were 137 days late, the third quarter payment was 47 days late, and the fourth quarter payment was 44 days early, for an average of 69 days late for FY 2000. Fort McNair has not made any payments for FY 2001. Therefore, the first and second quarter payments were 65 days late and the third quarter payment was 11 days late as of April 13, 2001, for an average of 47 days late through the third quarter of FY 2001.

Navy. The Navy includes Anacostia Naval Station, Bellevue Naval Housing, Marine Corps Barracks (8th & I), Naval Observatory, Naval Research Laboratory, Nebraska Avenue Annex, Potomac Annex, and Washington Navy Yard. The Navy did not make prompt payments in FY 2000 because the Navy questioned the accuracy of its bills and was awaiting meter test results from WASA that may have resulted in an adjustment to the FY 2000 bill. The Navy did not make payments for water and sewer usage in the first and second quarters of FY 2000 because the Navy was awaiting these results. As of April 13, 2001, the Navy had not received any data back from WASA regarding this testing. However, the Navy did make payments in the third and fourth quarters of FY 2000. Based on the FY 2000 U.S. Treasury bill due dates, the first and second quarter payments were 169 days late, the third quarter payment of \$2.6 million was 78 days late, and the fourth quarter payment of \$2.4 million was 94 days late. Therefore, the FY 2000 payments were an average of 128 days late.

The Navy FY 2001 first and second quarter payments were also late. The Navy made one payment of \$1.1 million for the first and second quarters and one payment of \$0.6 million for the third quarter of FY 2001. Based on the U.S. Treasury bill due dates, the Navy FY 2001 payment for the first and second quarters was 7 days late and the third quarter payment was 3 days early. Therefore, payments through the third quarter of FY 2001 were an average of 4 days late.

Bolling Air Force Base. Bolling Air Force Base (AFB) did not make prompt payments in FY 2000 because it did not provide pertinent information that DFAS needed to pay the U.S. Treasury bill. The Air Force financial management personnel representing Bolling AFB had not previously explained to DFAS that it needed to pay the bill promptly because the U.S. Treasury bill was not a routine utility bill and was subject to Public Law 101-168. Based on the U.S. Treasury bill due dates, the Bolling AFB FY 2000 payment for the first quarter was 16 days late. The payments for the second

and third quarters were 58 days late and 81 days late, respectively. Since no payment was made for the fourth quarter, the payment was 89 days late. Therefore, according to the U.S. Treasury bill due dates, Bolling AFB payments were an average of 61 days late in FY 2000.

In FY 2001, the Bolling AFB payment to the U.S. Treasury for the first and second quarters was 8 days late and the third quarter payment was also 8 days late according to the due dates on the U.S. Treasury bill. Therefore, payments through the third quarter of FY 2001 were an average of 8 days late.

Defense Virginia. The Pentagon, Fort Myer, and Arlington National Cemetery are all users of the shared Federally Owned Water Main. They are collectively referred to in this report as “Defense Virginia.” Each of these Components pays for its own water services.

Pentagon. Washington Headquarters Services (WHS), the component responsible for the operation of the Pentagon utility systems and for financial payment for services received, did not make prompt payments to the U.S. Treasury on the quarterly due dates for FY 2000. Based on the U.S. Treasury bill due dates, WHS payments were 141 days late for the first and second quarters, 51 days late for the third quarter, and 40 days early for the fourth quarter, for an average of 73 days late in FY 2000. The WHS payment for the first and second quarters of FY 2001 was 2 days late based on the due date in the U.S. Treasury bill, but the third quarter payment was 7 days early. Therefore, WHS payments were an average of zero days late for FY 2001.

Fort Myer. Fort Myer did not make any payments in FY 2000 or FY 2001 because they discontinued use of WASA water services in FY 1999 and contend that they do not owe any money for water usage from the shared meters because they have prepaid the amounts owed for FYs 1997, 1998 and 1999.

Arlington National Cemetery. Arlington National Cemetery is a separately funded Federal entity that has its own appropriation but is administratively supported by the Department of the Army. Arlington National Cemetery makes one annual payment instead of quarterly payments. The Cemetery’s financial personnel made a prompt payment for FY 2000 because the payment was made in FY 1999. However, based on the U.S. Treasury bill due dates, Arlington National Cemetery’s FY 2001 payment for the first and second quarters was 20 days late, while the third quarter payment was 41 days early. Therefore, payments through the third quarter of FY 2001 were an average of zero days late.

National Imagery and Mapping Agency. The National Imagery and Mapping Agency did not make prompt payments to the U.S. Treasury for FY 2000 through the third quarter of FY 2001. In FY 2000, National Imagery and Mapping Agency payments for the first, second, and third quarters were late because the National Imagery and Mapping Agency only made one payment for FY 2000 on April 19, 2000. Based on the U.S. Treasury bill due dates, the first and second quarter payments were 106 days late, the third quarter payment was 16 days late, and the fourth quarter payment was 75 days early, for an average of 38 days late for FY 2000. The National Imagery and Mapping Agency FY 2001 payment for the first and second quarters was 8 days late, based on the due date stated in the U.S. Treasury bill. However, the National Imagery

and Mapping Agency did not make a payment for the third quarter of FY 2001 because its third and fourth quarter payments are in dispute. As of April 13, 2001, the third quarter payment was 11 days late and the payments through the third quarter of FY 2001 were an average of 9 days late.

Completeness of Payments

DoD Components improved in the completeness of payments made between FY 2000 and the third quarter of FY 2001. The U.S. Treasury billed DoD Components in the National Capital Region \$30.3 million for water and sewer services for FY 2000. The DoD Components made payments of \$12.7 million, or 42 percent, for bills received during the same period. For FY 2001, U.S. Treasury billed DoD Components \$6.2 million for water and sewer services and DoD Components made payments of \$4.1 million, or 66 percent, on bills received during the same period. Tables 2 and 3 provide summaries of the billing and payment information by DoD Component, for FY 2000 and FY 2001, respectively.

Table 2. U.S. Treasury Billings and Payments for FY 2000				
	Amount Billed by U.S. Treasury (thousands)	DoD Payments to U.S. Treasury (thousands)	Amount Outstanding (thousands)	Percent Paid
Walter Reed Army Medical Center	\$ 760	\$ 760	\$ 0	100
Fort McNair	28	28	0	100
Navy	13,689	7,760	5,929	57
Bolling Air Force Base	10,563	3,097	7,466	29
Pentagon ¹	4,466	225	4,181	6
Fort Myer ^{1, 2}				
Arlington National Cemetery ¹		60		
National Imagery and Mapping Agency	763	763	0	100
Total	\$30,269	\$12,693	\$17,576	42
¹ Water services billed for the Pentagon, Fort Myer, and Arlington National Cemetery are included in the same U.S. Treasury bill.				
² Fort Myer did not make any payments in FY 2000 because it discontinued water services in January 1999. Fort Myer receives and pays for water services provided by Arlington County, Virginia.				

Table 3. U.S. Treasury Billings and Payments for FY 2001 Through 3rd Quarter				
	Amount Billed by U.S. Treasury (thousands)	DoD Payments to U.S. Treasury (thousands)	Amount Outstanding (thousands)	Percent Paid
Walter Reed Army Medical Center	\$ 468	\$ 468	\$ 0	100
Fort McNair	22	0	22	0
Navy	1,892	1,681	211	89
Bolling Air Force Base	1,085	1,085	0	100
Pentagon ¹	1,972	195	1,712	13
Fort Myer ^{1, 2}				
Arlington National Cemetery ¹		65		
National Imagery and Mapping Agency	761	598	163	79
Total	\$6,200	\$4,092	\$2,108	66
¹ Water services billed for the Pentagon, Fort Myer, and Arlington National Cemetery are included in the same U.S. Treasury bill.				
² Fort Myer did not make any payments in FY 2001 because it discontinued water services in January 1999. Fort Myer receives and pays for water services provided by Arlington County, Virginia.				

DoD Components' water and sewer bills were not fully paid because DoD Components did not agree with the U.S. Treasury's estimated water and sewer bills.

Walter Reed Army Medical Center. Walter Reed Army Medical Center payments for FY 2000 are complete and payments for FY 2001 are complete through the third quarter.

Fort McNair. Fort McNair makes one payment per year. A complete payment was made for FY 2000. The voucher for the FY 2001 payment was submitted to DFAS on February 2, 2001, but, as of April 13, 2001, DFAS had not submitted payment to the U.S. Treasury.

Navy. The Navy did not make complete payments because the Navy contends that the U.S. Treasury overstated FYs 2000 and 2001 estimated bills. The Navy FY 2000 bill was \$13.7 million, which included an \$8.6 million estimate for FY 2000 and

\$4.6 million of adjustments and rate increases for FYs 1997 through 1999. The Navy FY 2000 budget included \$5 million for water and sewer usage, which was based on the Navy's historical usage and adjusted for inflation. The Navy only paid \$5 million of the \$8.6 million because it contends that the U.S. Treasury estimate was too high and the Navy cannot pay more than its budgeted amount without a bill based on actual usage. However, the Navy made additional payments for prior year adjustments that were based on actual usage totaling \$2.8 million, so total payments to the U.S. Treasury in FY 2000 were \$7.8 million.

In FY 2001, the U.S. Treasury provided the Navy with an estimated bill of \$2.5 million, which included an FY 1998 usage adjustment of \$0.3 million. However, the Navy payments for the first, second and third quarters of FY 2001 were based only on the estimated amount of \$2.2 million because Navy records indicated that the Navy had already paid more than the adjusted FY 1998 actual usage that was stated on the FY 2001 bill. Specifically, the FY 2001 bill states that the Navy's cost for actual water and sewer usage for FY 1998 was \$6.7 million and, according to the Navy payment records, the Navy has paid \$6.9 million, including a payment of \$1.1 million in FY 2000 for the deferred rate increase. Since the Navy payment records show that the Navy should have a credit based on the FY 1998 actual usage, the Navy does not plan to pay the FY 1998 adjustment included in the FY 2001 U.S. Treasury bill.

Bolling Air Force Base. Bolling AFB did not make complete payments because they did not agree with the U.S. Treasury estimates and as a result did not include the U.S. Treasury estimated amounts in the Air Force budget. Bolling AFB budget amounts for the water services are based on actual consumption from the prior year with an inflation factor and adjusted for additional buildings that are going to come on line or for existing buildings that will be taken out of service during the year. Bolling AFB budget personnel stated that the estimates provided by the U.S. Treasury are not realistic and do not fully explain how the estimated amounts were determined.

In FY 2000 the U.S. Treasury billed Bolling AFB a total of \$10.6 million for the WASA bill. Bolling AFB financial management personnel only paid a total of \$0.7 million in FY 2000. Bolling AFB financial management personnel did not pay the complete amounts because the civil engineers read the water meters on Bolling AFB and paid the amount that was consumed based on current meter readings. However, in April 2001, Bolling AFB financial management personnel made payments of \$0.9 million for the FY 1997 adjustment that was originally included on the FY 2000 bill and \$1.5 million for other prior year amounts included on the FY 2000 bill, leaving an unpaid amount of \$7.5 million for FY 2000.

Through the third quarter of FY 2001, the U.S. Treasury has billed Bolling AFB \$1.1 million for water and sewer services. Payments through the third quarter of FY 2001 are complete because Bolling AFB paid \$0.7 million for the first and second quarters and \$0.4 million for the third quarter. In March 2001, Air Force personnel informed us that the Air Force plans to pay all outstanding U.S. Treasury bills for Bolling AFB. The Air Force intends to pay and will dispute unverified amounts at a later date.

Defense Virginia. The Defense Virginia Components did not make complete payments of \$4.5 million that the U.S. Treasury billed in FY 2000 and \$2 million billed in FY 2001. The three Defense Components contend that the water bills provided by the U.S. Treasury were not based on actual or accurate usage.

The U.S. Treasury bills for Defense Virginia are based on WASA readings of two water meters to measure the water shared among three DoD installations (the Pentagon, Fort Myer, and Arlington National Cemetery) and two non-DoD entities (Ronald Reagan National Airport and the National Park Service). The U.S. Treasury sent the same meter readings and billing information to all of these users with the expectation that the Defense Virginia Components could work out the allocation of the billed amounts. Based on discussion with WASA, we determined that the U.S. Treasury FY 2000 and FY 2001 estimated bills for the three DoD installations inappropriately included water usage for the National Park Service and Ronald Reagan National Airport. We also determined that even if these non-DoD facilities were excluded from Defense Virginia shared meters billings, DoD would not have made complete payments because each component used a different method to compute their share of the bill.

Pentagon. WHS estimates the Pentagon water usage based on sewer readings, which is approximately \$215,000 a year. WHS paid \$225,000 for FY 2000 and \$195,000 for a partial payment for FY 2001. Since WHS paid only \$420,000 for FY 2000 and FY 2001 for their portion of the Virginia shared meter, this resulted in an underpayment of the \$4.5 million and \$2 million that the U.S. Treasury billed for the Virginia shared meters for FYs 2000 and 2001, respectively.

In March 2001, WHS completed the installation of 19 water meters around the Pentagon. WHS intends to use readings from the new water meters to provide the U.S. Treasury with a basis for allocating water usage to the DoD Components that share the financial responsibility for payment of the water services provided through the Virginia shared meters. In addition, WHS plans to use this data to estimate prior year water usage and billing information, to include development of a methodology to calculate the DoD and non-DoD amounts in arrears. In the future, we plan to review this methodology and its application in more detail.

Fort Myer. Prior to January 1999, Fort Myer used their own meter readings to determine their portion of the water usage from the Virginia shared meter. The pumps that supply water from the shared meters stopped working in January 1999, so Fort Myer began using water supplied by Arlington County at this time. The U.S. Treasury requires that it be notified if a user of water services changes to another supplier of water. However, Fort Myer did not notify the U.S. Treasury of the change to Arlington County water until January 31, 2001. For FYs 2000 and 2001, Fort Myer did not make any payments to the U.S. Treasury and contends that they do not owe any money for water usage from the shared meters because Fort Myer no longer uses water supplied from WASA. Fort Myer budget personnel contend they have prepaid amounts owed for FYs 1997, 1998 and 1999; however, Fort Myer has not provided adequate support for the prepaid amounts. In FY 2000, Fort Myer paid Arlington County approximately \$516,000 for water and sewer services; however, Fort Myer prior years' payments to the U.S. Treasury averaged \$274,000.

Arlington National Cemetery. Arlington National Cemetery estimates their water usage based on the number of people that visit the cemetery each year, which is

included in their budget. Arlington National Cemetery did not make complete payments because it did not include the U.S. Treasury estimated bill amounts in the Cemetery's budget. The Cemetery made a FY 2000 payment in FY 1999 for \$60,000 and a FY 2001 payment of \$65,000 in 2001. Since the Cemetery only paid \$60,000 for

FY 2000 and \$65,000 for FY 2001 for their portion of the Virginia shared meter, this resulted in an underpayment of the \$4.5 million and \$2 million that the U.S. Treasury billed for the Virginia shared meters for FYs 2000 and 2001, respectively.

As a result, WHS and Arlington National Cemetery paid \$285,000 in FY 2000 and \$260,000 in FY 2001 for water usage from the Virginia shared meters; Fort Myer did not pay anything in FY 2000 or FY 2001. However, the U.S. Treasury billed \$4.5 million for FY 2000 and \$2.0 million for the first three quarters of FY 2001 for the Virginia shared meters. The effect is an underpayment to the U.S. Treasury of \$4.2 million and \$1.7 million for FY 2000 and the first three quarters of FY 2001, respectively.

National Imagery and Mapping Agency. The National Imagery and Mapping Agency has made complete payments for FY 2000 and the first and second quarters of FY 2001, but the remaining payments for amounts due in FY 2001 are under dispute. The FY 2001 bill from the U.S. Treasury was 57 percent more than the FY 2000 bill. As a result, the National Imagery and Mapping Agency is verifying the water consumption and estimates before submitting payment for the amount due on the U.S. Treasury bill.

Summary

For FY 2000 through the third quarter of FY 2001, DoD Components have improved the promptness and completeness of their payments. Based on the due dates stated in the U.S. Treasury bills, DoD Components' payments averaged 92 days late in FY 2000 and only averaged 10 days late in FY 2001. Although timeliness has improved and the DoD Components increased the amount of their payments from 42 percent of the bills in FY 2000 to 66 percent of the bills in FY 2001, they have not paid approximately \$19.7 million to the U.S. Treasury for water and sewer services. DoD believes that it is fulfilling a fiscal responsibility to pay only for services received and DoD Components are making more timely payments after they receive the U.S. Treasury bills. DoD has substantial disagreements that are still unresolved based on the accuracy of the estimates and timeliness of the bills. The DoD Components' obligation to make prompt and complete quarterly payments based on the estimates provided by the U.S. Treasury is not always consistent with DoD's requirement to conform to prescribed fiscal laws governing payment for services received.

Management Comments on the Finding and Audit Response

Management Comments. The Director of Budget and Finance, Washington Headquarters Services, provided comments to help clarify the report. The Director stated that the U.S. Treasury provides three copies of the same water bills to the Pentagon, Arlington National Cemetery, and Fort Myer. The U.S. Treasury relies solely on the individual water users to calculate their bill, which has resulted in

incomplete aggregate payments to the U.S. Treasury. The Director also stated that Public Law 106-554 allows the Secretary of the Treasury to draw down funds and provide those funds to the District of Columbia Water and Sewer Authority. However, the law does not address how this provision is to be applied in cases where the respective agencies do not receive separate estimates for their individual water and sewage usage, as is the case with the Pentagon, Arlington National Cemetery, and Fort Myer. The Director stated that the law did not address collections of past due amounts and how disputes regarding actual past usage are to be resolved and paid. Washington Headquarters Services has requested the assistance of the District of Columbia Water and Sewer Authority and the U.S. Treasury in providing an agreeable solution to billing and collecting from all water users that are provided water through the Virginia meters. The complete text of the comments is in the Management Comments section of the report.

Audit Response. The Director of Budget and Finance, Washington Headquarters Services, provided technical comments to clarify some issues addressed in the report. Based on the comments provided, we revised the final report accordingly.

Appendix A. Audit Process

Scope and Methodology

Work Performed. We reviewed DoD Components' billing and payment information from FY 2000 through the third quarter of FY 2001 for water and sewer services provided by WASA. Specifically, we reviewed the U.S. Treasury billing and payment information for DoD Components from FYs 2000 through 2001, including checks from several DFAS centers. We reviewed bills received by DoD Components from the U.S. Treasury to establish the amounts billed for water and sewer services. We also reviewed DoD disbursement vouchers submitted to the U.S. Treasury from FY 2000 through the third quarter of FY 2001, to determine the amounts paid by DoD Components. For the period, we obtained available water and sewer service bills from the U.S. Treasury totaling \$36.5 million and DoD payments made to the U.S. Treasury totaling \$16.8 million. We did not rely on computer-processed data for our review of billing and payment data from DoD Components. See Appendix B for a list of the DoD Components receiving water and sewer services from WASA.

DoD-Wide Corporate Level Government Performance and Results Act Goals. In response to the Government Performance and Results Act, the Secretary of Defense annually establishes DoD-wide corporate level goals, subordinate performance goals, and performance measures. This report pertains to achievement of the following corporate-level goal and subordinate performance goal:

- **FY 2001 Corporate-Level Goal 2:** Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. **(01-DoD-2)**
- **FY 2001 Subordinate Performance Goal 2.5:** Improve DoD financial and information management. **(01-DoD-2.5)**

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Financial Management high-risk area.

Audit Period and Standards. We performed this financial-related audit from February through April 2001 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Management Controls. The audit was required by statute; therefore, we did not review the management control program.

Contacts During the Audit. We visited or contacted individuals and organizations within the DoD and within the Department of the Treasury, the U.S. General Accounting Office, and the District of Columbia Water and Sewer Authority. Further details are available upon request.

Prior Coverage

Inspector General, DoD

Inspector General, DoD, Report No. D-2001-053, "DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," February 15, 2001

Appendix B. DoD Water and Sewer Authority Customers

According to the District of Columbia Water and Sewer Authority, the list below identifies the DoD Components for which the Water and Sewer Authority provides estimated bills to the U.S. Treasury for water and sewer services for FYs 2000 and 2001.

Army

Arlington Cemetery
Fort McNair
Fort Myer
Walter Reed Army Medical Center

Navy

Anacostia Naval Station
Bellevue Naval Housing
Marine Corps Barracks, 8th & I
Naval Observatory
Naval Research Laboratory
Nebraska Avenue Annex
Potomac Annex
Washington Navy Yard

Air Force

Bolling Air Force Base

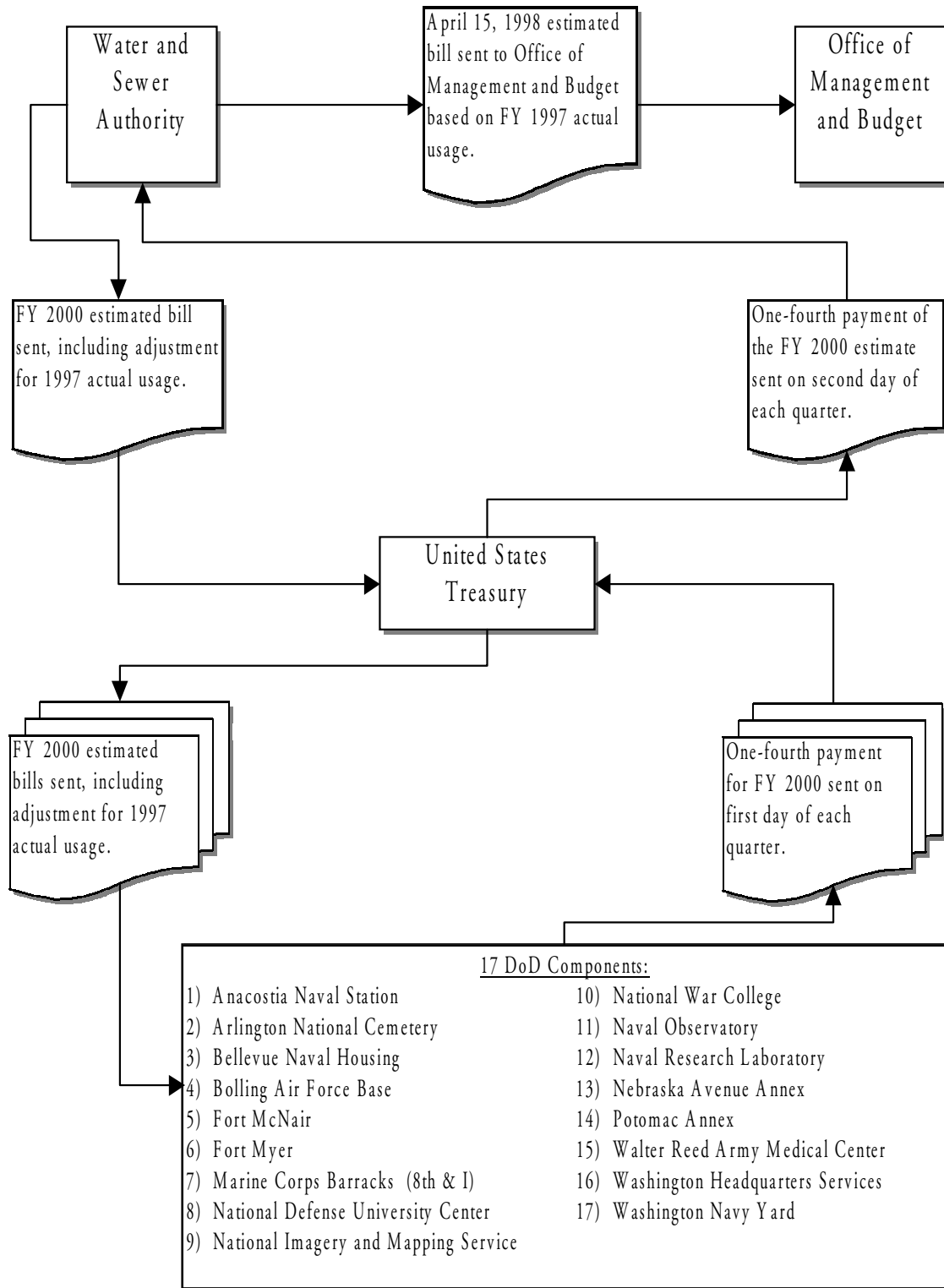
Other Defense Organizations

National Defense University Center
National Imagery and Mapping Agency
National War College
Washington Headquarters Services

Appendix C. FYs 2000 and 2001 Billing and Payment Process

WASA provides meter readings and annual estimated bills to the U.S. Treasury for water and sewer services for Federal agencies and DoD Components within the National Capital Region. Based on the information the U.S. Treasury receives from WASA, the U.S. Treasury prepares bills for the Federal agencies and DoD Components. Generally, in the second quarter of each fiscal year, DoD Components receive annual bills from the U.S. Treasury that show the estimated bill for the fiscal year, including adjustments based on actual usage from 3 years prior, and the quarterly payments due for the second, third, and fourth quarters. To illustrate, on April 15, 1998, WASA prepared a bill that contained an estimate of anticipated water and sewer usage that was submitted to the Office of Management and Budget for use in the FY 2000 President's Budget. The bill included adjustments for actual water and sewer usage variances in FY 1997. The bill was sent to the U.S. Treasury for distribution to the Federal agencies and DoD Components.

The U.S. Treasury bills each agency based on estimates the U.S. Treasury receives from WASA. An example of a WASA-generated estimate is included in Appendix D, which includes copies of the FYs 2000 and 2001 U.S. Treasury bills sent to Bolling AFB, Washington, D.C. The FY 2000 bill, dated January 28, 2000, states that Bolling AFB owes an estimate of \$10.56 million for FY 2000, with an initial payment due on January 4, 2000. This FY 2000 bill estimate of \$10.56 million includes an FY 1997 actual usage variance of \$2.01 million, an unbilled amount for FY 1999 estimated usage of \$4.71 million, and an FY 2000 estimated amount of \$3.84 million; and an FY 2001 estimate of \$1.28 million. Similarly, the FY 2001 bill contains the 1998 details and a general estimate for FY 2002. There is no explanation as to why the estimated amount for FY 2000 is \$10.5 million and the estimated amount for FY 2001 was only \$1.4 million when the Air Force only paid \$0.7 million toward the \$10.5 million. These bills demonstrate the 3-year lag between estimated and actual amounts billed. Also, these bills are indicative of the difficulties encountered with the billing process for estimated water and sewer services.



Appendix D. Examples of FYs 2000 and 2001 U.S. Treasury Billing Letters



DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
HYATTSVILLE, MD. 20782

JAN 28 2000

Lieutenant Colonel Bridges
11th CES/CC
370 Brookley Ave.
Bolling Air Force Base
Washington, DC 20332-0001

Dear Lieutenant Colonel Bridges:

This letter is to inform you of the FY 2000 billing for water and sewer services provided by the District of Columbia Water and Sewer Authority (WASA) to the *Bolling Air Force*. The bill is based on estimates provided by WASA in accordance with the 1990 District of Columbia Appropriation Act, P.L. 101-168. Please make your check payable to the Financial Management Service and forward it to Prince George's Center, 3700 East West Highway, Room 6D40, Hyattsville, Maryland 20782.

FY 2000 Estimated Amount	3,841,940.90
Actual Usage Cost for FY 1997	2,668,267.00
Amount Paid for FY 1997 Estimated Usage	655,998.00
Adjustment For FY 1997 Actual Usage Variance	2,012,269.00
Estimated Amount Due for FY2000 (Adjusted)	5,854,209.90
Unbilled Amount of FY 1999 Estimated Cost of Service	4,708,941.43
Estimated Amount due for FY2000	<u>10,563,151.33</u>

<u>Payment Amount</u>	<u>Date of Charge</u>
\$5,281,575.67	January 4, 2000
\$2,640,787.83	April 3, 2000
\$2,640,787.83	July 3, 2000

The FY 2001 estimate for water and sewer service for Bolling Air Force is \$1,278,756.94. However, this estimate does not include an adjustment for the difference between the amount

and the actual usage in FY 98. Once this information is received from WASA, it will be forwarded to you.

If you have any questions, please contact Nevelyn L. Jones at (202) 874-8205.

Sincerely,

A handwritten signature in black ink, reading "Wanda J. Rogers". The signature is fluid and cursive, with the first name "Wanda" and last name "Rogers" clearly legible.

Wanda J. Rogers, Director
Financial Accounting and Services Division



DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
HYATTSVILLE, MD 20782

Lieutenant Colonel Bridges
11th CES/CC
370 Brookley Ave.
Bolling Air Force Base
Washington, DC 20332-0001

JAN 9 2001

Dear Lieutenant Colonel Bridges:

This letter is to inform you of the FY 2001 billing for water and sewer services provided by the District of Columbia Water and Sewer Authority (WASA) to the **Bolling Air Force Base**. The bill is based on estimates provided by WASA in accordance with the 1990 District of Columbia Appropriation Act, P.L. 101-168.

As a result of some billing delays and concerns about the groundwater charges, Treasury will be collecting the first and second quarter payments on January 31, 2001. Since some of the issues remain unresolved, an adjustment to the fourth quarter billing may become necessary. Please make your check payable to the United States Treasury and forward it to the Financial Management Service Credit Accounting Branch 3700 East West Highway, Room 6D40 Hyattsville, Maryland 20782.

FY 2001 Estimated Amount	1,278,756.94
Actual Usage Cost for FY 1998	1,408,535.41
Estimated Amount Billed For FY 1998 Usage	3,111,816.10
Adjustment For FY 1998 Actual Usage Variance	(1,703,280.69)
Adjustment to Credit for Insufficient Payment	1,703,280.69
Amount Paid for FY 1998	1,240,378.00
Estimated Amount Due for FY2001 (Adjusted)	1,446,914.35

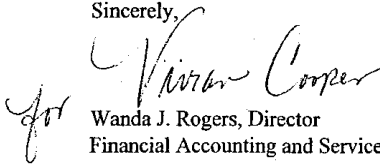
Quarterly Payments Due:	January 31, 2001	723,457.18
	April 2, 2001	361,728.59
	July 2, 2001	361,728.59

<u>Amount Past Due for Prior Fiscal Years</u>	<u>Amount</u>
Past Due Amount - FY 92	292,602.00
Past Due Amount - FY 93	223,235.00
Past Due Amount - FY 97	956,032.44
	1,471,869.44

The FY 2002 estimate for water and sewer service for the Bolling Air Force Base is \$1,634,560.97. However, this estimate does **not** include an adjustment for the difference between the estimated amount and the actual usage in FY 99. Once this information is received from WASA, it will be forwarded to you.

If you have any questions, please contact Nevelyn L. Jones at (202) 874-8205.

Sincerely,

The image shows a handwritten signature in cursive script, which appears to read "Wanda J. Rogers". To the left of the signature is a small, stylized handwritten mark that looks like "for".

Wanda J. Rogers, Director
Financial Accounting and Services Division

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)

Department of the Army

Auditor General, Department of the Army
Commander, Walter Reed Army Medical Center
Commander, Fort Myer
Director, Arlington National Cemetery

Department of the Navy

Naval Inspector General
Auditor General, Department of the Navy
Director, Field Support Activity

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force
Commander, Bolling Air Force Base

Defense Organizations

Director, Defense Finance and Accounting Service
Director, National Imagery and Mapping Agency
Director, Washington Headquarters Services

Non-Defense Federal Organizations

Office of Management and Budget
Inspector General, Department of the Treasury

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

Washington Headquarters Services Comments



DEPARTMENT OF DEFENSE
WASHINGTON HEADQUARTERS SERVICES
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155

April 11, 2001

(Budget & Finance)

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on Promptness and Completeness of FYs 2000 and 2001
DoD Payments to the U.S. Treasury for Water and Sewer Services
Provided by the District of Columbia (Project No. D2001-070.001)

In accordance with the above subject report, Washington Headquarters Services is pleased to provide the following comments regarding the audit findings and content of the report.

Page 4, 2001 Legislation. Last sentence...."The U.S. Treasury is now authorized and directed to draw down funds from Federal agencies and provide those funds to WASA by the second day of each quarter when agencies do not forward timely payments of amounts billed by WASA. Public Law 106-554 also directs that the draw down to apply to current billed amounts and retroactively to past due amounts dating back to FY 1990."

Comment: As revised, the law now provides that, in the absence of sufficient funds in the Federal Payment for Water and Sewer Services account, the Secretary of the Treasury shall make payment from funds available to the "respective user agencies." It is not clear how this provision is to be applied in cases where the "respective user agencies" do not receive separate estimates with respect to their individual water and sewer usage, as is the case with the Defense Virginia estimate. In addition, the law does not address the collection of past due amounts. The provision giving retroactive effect to the amendment made in the Miscellaneous Appropriations Act, 2001 may have been intended to have such an effect, but the law is silent and thus unclear as to how disputes regarding actual past usage are to be resolved and paid for.

Page ii and 3, "DoD has not established an effective process for paying water and sewer bills promptly and completely." and "DoD Components have not established an effective process for ensuring prompt and complete payments for water and sewer services."

Comment: WASA/Treasury provides three copies of the same combined Federally Owned Water Main (FOWM) bill to the Pentagon, Arlington Cemetery, and Fort Myer for water services. WASA and Treasury rely solely on the individual water users to calculate their bill, which has resulted in incomplete aggregate payments to the Treasury. We have requested the assistance of both WASA and Treasury in providing an agreeable solution to billing and collecting from all water users that are provided water through the Virginia meters.



Final Report
Reference

Revised

Page 7, Defense Virginia. "Defense Virginia consists of the Pentagon, Fort Myer, and Arlington National Cemetery."

Requested change/clarification: The Pentagon, Fort Myer, and Arlington National Cemetery are all users of the shared Federally Owned Water Main (FOWM). They are collectively referred to in this report as "Defense Virginia."

Revised

Page 7, Pentagon. "WHS, the administrative office for the Pentagon,..."
Comment: WHS is the component responsible for operation of the Pentagon utility systems and therefore responsible for financial payment for services received.

Revised
Page 11

Page 10, Defense Virginia. "The U.S. Treasury bills for Defense Virginia are based on WASA readings of two water meters to measure the water shared among three DoD installations (the Pentagon, Fort Myer, and Arlington National Cemetery) and two non-DoD facilities, including Ronald Reagan National Airport."

Comment: Other non-DoD facilities include the National Park Service.

Page 11, "Based on discussion with WASA, we determined that the U.S. Treasury FY 2000 and FY 2001 estimated bills for the three DoD installations inappropriately included water and sewage usage for the National Park Service and Ronald Reagan National Airport."

Comment: This statement is in contradiction with the audit conclusion (stated on p. 11 as well) that both the Pentagon and Arlington National Cemetery FY 2000 and FY 2001 payments have resulted in an underpayment of \$4.5 million and \$2 million that the U.S. Treasury billed for the Virginia shared meters for FYs 2000 and 2001, respectively.

Revised

Page 11, Pentagon. "... WHS scheduled the installation of 19 water meters around the Pentagon."

Requested change/clarification: In March 2001, WHS completed the installation of 19 water meters around the Pentagon.

Revised

Page 12, Summary. "DoD has substantial disagreements that are still unresolved based on the accuracy of the estimates and timeliness of the bills. However, DoD Components still have an obligation to make prompt and complete quarterly payments based on the estimates provided by the U.S. Treasury."

Comment: Although DoD has substantial disagreements that are still unresolved at this time, both Treasury and WASA have a significant role in assisting DoD with regard to resolving billing and collection methods for all entities who are provided water through the Virginia meters. DoD is committed to providing both accurate and reasonable water consumption data. Recognizing that DoD Components still have an obligation to make prompt and complete quarterly payments based on estimates provided by the U.S. Treasury, it should be understood that DoD is still required to conform to prescribed fiscal laws governing payment for services received.

We recognize that these comments will be included in the final report and therefore, none of the contents of this letter should be exempt from public release.

We appreciate the opportunity to comment on the draft report and ask that consideration be given to providing a copy of the report to the National Park Service and to Ronald Reagan National Airport. Any questions may be directed to Ms. Maria Probst or Ms. Kay Charles at (703) 693-8613.


Joe Friedl
Director

Audit Team Members

The Finance and Accounting Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Personnel of the Office of the Inspector General, DoD, who contributed to the report are listed below.

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